

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R	
		2011 R	2010 R
23	SERVICE CHARGES		
Electricity	44 407 281	39 090 645	
Service Charges <u>Less:</u> Rebates	46 352 832 (1 945 551)	41 230 350 (2 139 705)	
Water	7 365 017	7 457 916	
Service Charges <u>Less:</u> Rebates	7 404 902 (39 885)	7 502 321 (44 405)	
Refuse removal	4 899 275	4 488 405	
Service Charges <u>Less:</u> Rebates	4 899 275 -	4 501 005 (12 600)	
Sewerage	7 552 335	7 074 383	
Service Charges <u>Less:</u> Rebates	7 552 335 -	7 074 383 -	
Other Service Charges	-	-	
Total Service Charges	64 223 908	58 111 349	
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.			
24	OTHER REVENUE		
Test - Learner's Licence	138 607	151 395	
Test - Drivers Licence	306 326	400 885	
Handling Fees	840 965	817 499	
Building Plan Fees	863 012	207 923	
Sundry Income	2 727 236	10 753	
Levies: Housing Scheme	121 979	67 430	
Entrance Fees	130 718	110 337	
Connection Fees	49 326	60 615	
Reconnection Fees	40 095	82 616	
Other income represents administration income and Sale of land.	178 784	258 922	
Total Other Income	5 397 048	2 168 375	
25	EMPLOYEE RELATED COSTS		
Acting Allowance	433 298	516 862	
Annual/Leave Bonus	1 786 631	1 582 333	
Clothing Allowance	252 880	236 466	
Industrial Council	10 371	9 623	
UIF	267 096	255 875	
Retirement Fund	4 286 154	4 062 644	
Group Insurance	476 267	451 096	
Medical Aid	1 981 157	1 623 633	
Overtime	1 054 932	1 097 027	
Housing Allowance	1 549 936	1 592 442	
Long Service Bonus	221 237	141 182	
Standby Allowance	215 264	233 960	
Salaries	18 899 327	17 758 386	
Telephone Allowance	224 421	205 719	
Tool Allowance	3 200	3 283	
Travelling Allowance	1 913 494	1 923 957	
Wages	7 676 972	6 903 078	
	41 853 635	39 062 675	
<u>Less:</u> Employee Costs allocated elsewhere	-	-	
Total Employee Related Costs	41 853 635	39 062 675	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

25	EMPLOYEE RELATED COSTS (CONTINUE)	2011 R	2010 R
KEY MANAGEMENT PERSONNEL			
<p>Municipal Manager was appointed on 01 November 2011 with a contract ending five months after the Municipal elections in 2011. The Head of Infrastructure was appointed 1 May 2007 and his contract ends 30 April 2012. The CFO was appointed 02 January 2009 and her contract ends 31 December 2014. The Corporate Manager's contract ended 30 November 2010 and she is on a month to month contract until the position is filled. Community Services Manager was appointed on 3 November 2009 and her contract ends on 31 October 2012. There are no post-employment or termination benefits payable to them at the end of the contract period.</p>			
REMUNERATION OF KEY MANAGEMENT PERSONNEL			
<i>Remuneration of the Municipal Manager</i>			
Annual Remuneration	716 332	664 808	
Subsistence Allowances	-	-	
Travelling Allowance	106 800	106 800	
Contributions to UIF, Medical and Pension Funds	30 728	26 392	
Bonus	-	-	
Backpay	-	-	
Housing	-	-	
Total	853 860	798 000	
<i>Remuneration of the Chief Financial Officer</i>			
Annual Remuneration	520 322	487 637	
Subsistence Allowances	-	-	
Housing	-	-	
Travelling Allowance	84 000	72 000	
Bonus	-	-	
Leave	-	-	
Backpay	-	-	
Contributions to UIF, Medical and Pension Funds	78 766	78 763	
Total	683 088	638 400	
<i>Remuneration of the Corporate Services Manager</i>			
Annual Remuneration	452 708	469 637	
Housing	-	-	
Travelling Allowance	72 000	72 000	
Contributions to UIF, Medical and Pension Funds	158 380	96 763	
Bonuses	-	-	
Total	683 088	638 400	
<i>Remuneration of the Technical Services Manager</i>			
Annual Remuneration	539 916	495 228	
Housing	-	-	
Travelling Allowance	106 800	106 800	
Contributions to UIF, Medical and Pension Funds	36 372	36 372	
Bonuses	-	-	
Total	683 088	638 400	
<i>Remuneration of the Community Services Manager</i>			
Annual Remuneration	604 322	428 707	
Housing	-	14 400	
Travelling Allowance	-	72 000	
Contributions to UIF, Medical and Pension Funds	78 766	123 293	
Bonuses	-	-	
Total	683 088	638 400	
26 REMUNERATION OF COUNCILLORS			
Mayor			
Annual Remuneration	582 758	555 008	
Travelling allowance	346 430	333 962	
Contributions to UIF, Medical and Pension Funds	145 690	136 752	
	90 638	84 294	
Speaker	466 205	444 005	
Annual Remuneration	268 158	257 213	
Travelling allowance	116 551	111 001	
Contributions to UIF, Medical and Pension Funds	81 496	75 791	
Exco Councillors	721 161	686 820	
Annual Remuneration	429 760	402 468	
Travelling allowance	170 275	171 705	
Contributions to UIF, Medical and Pension Funds	121 126	112 647	
Councillors:	3 496 520	2 164 513	
Annual Remuneration	2 638 067	1 211 966	
Travelling allowance	418 859	543 725	
Contributions to UIF, Medical and Pension Funds	439 594	408 822	
Total Councillors' Remuneration	5 266 644	3 850 346	

In-kind Benefits

The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
		R	R
27	DEBT IMPAIRMENT		
	Trade Receivables from exchange transactions	16.00	1 596 937
	Trade Receivables from non-exchange transactions	17.00	568 783
	Total Contribution to Impairment Provision	2 165 720	1 769 475
28	FINANCE CHARGES		
	Long-term Liabilities	3 361 811	3 675 832
	Overdraft Facilities	-	9 261
	Actuarial Interest	622 432	574 176
	Finance leases	118 731	33 288
	Total finance charges	4 092 974	4 292 557
29	BULK PURCHASES		
	Electricity	30 543 229	23 224 531
	Total Bulk Purchases	30 543 229	23 224 531
		2011	2010
		R	R
30	GENERAL EXPENSES		
	Water Samples	104 177	58 363
	Rental: Modem	109 297	63 410
	Chemicals	111 942	143 881
	Weigh-bridge	112 457	114 000
	Election Expenses	117 644	9 084
	Letsema Activities/magazines	117 940	100 688
	Photocopies	119 319	96 594
	Publicity	124 000	319 419
	Water Levy	129 036	96 031
	Printing	155 601	121 381
	Outsource	158 281	169 900
	Advertisements	227 623	244 152
	Physical Planning	244 328	137 628
	Dept Expenses: Sewerage	270 242	238 505
	Subscriptions: Institutes/asso	276 975	198 401
	Cleaning & Disinfection Acces	285 091	235 818
	Postage, Stamps And Telegrams	290 590	278 232
	Bank Charges	364 789	302 516
	Training (seta)	366 766	340 097
	Entertainment	378 334	225 157
	Security	448 920	381 534
	Dept Expenses: Refuse	449 315	417 897
	Telephone	477 023	619 291
	Pension And Gratification	573 565	511 092
	Rental: Tel System	685 581	361 012
	T M T	759 587	121 105
	Street Lights	804 219	705 268
	Stipend	1 001 641	1 065 000
	Electricity (eskom)	1 144 739	606 042
	Delegation Costs	1 182 500	852 074
	Security Services	1 203 616	1 104 976
	Professional Fees	1 426 272	602 436
	Dept Expenses : Water	1 579 380	1 893 126
	Insurance	1 844 530	1 255 374
	Legal Costs	1 863 358	1 373 211
	Dept Expenses: Electricity	2 043 503	1 069 281
	Audit Costs	2 773 204	2 024 558
	Sedibeng Waterboard	10 571 619	7 624 907
	Buildings & Equipment	-	701 462
	Machinery & Equipment	-	413 237
	Rental: Photocopy Machines	95 247	343 662
	W/v Sporting Grounds	28 511	188 614
	Sport	24 796	129 144
	Led Policy/programme	69 945	118 993
	Disaster Management	19 887	119 490
	Countryclub	-	120 000
	Other expenditure	862 003	1 516 589
	General Expenses	35 997 393	29 732 632

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

31 CORRECTION OF ERROR IN TERMS OF GRAP 3			
31.01 Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities"			
	In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has transitional provisions for the following GRAP Standards:		
	GRAP 12 – Inventories		
	GRAP 13 - Leases		
	GRAP 16 – Investment Property		
	GRAP 17 – Property, Plant and Equipment		
	GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets		
	GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations		
	GRAP 101 - Agriculture		
	GRAP 102 – Intangible Assets		
	These provisions were not adopted in the prior year and are now adopted for periods ending on and after 30 June 2009.		
31.02 Non-Current Employee Benefits			
Implementation of Post Retirement Benefits (Employee Benefits - IAS 19)			
Balance previously reported			
Opening balance GRAP movements 2009		(6 708 222)	-
Implementation of IAS 19			
Transfer to Accumulated Surplus/(Deficit)		(445 404)	(6 708 222)
Post Employment Medical Benefit Fund not previously recognised transferred from Accumulated Surplus	31.22	-	(5 719 048)
Long-service not previously recognised transferred from Accumulated Surplus	31.22	-	(989 174)
Post Employment Medical Benefit Fund not previously recognised transferred from Statement of Financial Performance	31.23	(256 143)	-
Long-service not previously recognised transferred from Statement of Financial Performance	31.23	(189 261)	-
Total		-7 153 626	-6 708 222
31.03 Current provisions			
Provisions transferred from IMFO Provisions and Reserves as they are required by GRAP.			
Balance previously reported		4 318 007	-
Opening balance GRAP movements 2009		-	-
Implementation of GRAP			
Correction of AFS 2010 amount disclosed - Moved to Current Employee Benefits	31.04	(1 104 346)	-
Correction of AFS 2010 amount disclosed - Moved to Trade and other receivables from Exchange transactions	31.08	(1 978 916)	-
Correction of AFS 2010 amount disclosed - Moved to Trade and other receivables from Non-Exchange transactions	31.09	(1 234 745)	-
Total		-	-
31.04 Current Employee Benefits			
Implementation of Post Retirement Benefits (Employee Benefits - IAS 19)			
Balance previously reported			
Opening balance GRAP movements 2009		-	-
Implementation of GRAP			
Correction of AFS 2010 amount disclosed - Moved from Current Provisions	31.03	1 104 346	-
Total		1 104 346	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

31	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)	2010	2009
		R	R
31.05	Unspent Conditional Government Grants and Receipts		
	Disclosure as required by IMFO corrected to GRAP 1		
	Balance previously reported:		8 597 054
	Implementation of GRAP		
	Correction of AFS 2010 amount disclosed - Moved to Accumulated Surplus	31.22	(453)
	Total		8 596 601
31.06	Long-Term Receivables		
	Disclosure as required by IMFO corrected to GRAP 1		
	Balance previously reported		
	Opening balance GRAP movements 2009		516 720
	Correction of Error - Redemption not recorded	31.23	-4 260
	Correction of AFS 2010 amount disclosed - Moved from Trade and other Receivables from Non-Exchange transactions	31.09	516 720
	Total		512 460
31.07	Consumer Deposits		
	Disclosure as required by IMFO corrected to GRAP 1		
	Balance previously reported		
	Correction of AFS 2010 amount disclosed - Moved from Trade and other Payables	31.11	1 577 213
	Total		1 577 213
31.08	Trade and Other Receivables from Exchange transactions		
	Disclosure as required by GRAP 1.		
	Balance previously reported		
	Opening balance GRAP movements 2009		19 152 834
	Correction of AFS 2010 amount disclosed - Moved to Accumulated Surplus	31.22	(7 812 852)
	Correction of AFS 2010 amount disclosed - Moved to Accumulated Surplus	31.22	(154 959)
	Correction of AFS 2010 amount disclosed - Moved to Accumulated Surplus	31.22	(630)
	Correction of AFS 2010 amount disclosed - Moved from Current Provisions	31.03	799
	Correction of Error - Allowance for Doubtful Debts	31.22	(1 978 916)
	Total		8 661 961
			25 745 895
			(6 444 627)
31.09	Trade and Other Receivables from Non-Exchange transactions		
	Disclosure as required by GRAP 1.		
	Balance previously reported		
	Opening balance GRAP movements 2009		9 168 453
	Correction of AFS 2010 amount disclosed - Moved to Long term Receivables	31.06	(1 923 226)
	Correction of AFS 2010 amount disclosed - Moved from Service Charges	31.23	1 147 204
	Correction of Error - Allowance for Doubtful Debts	31.22	(1 406 506)
	Correction of AFS 2010 amount disclosed - Moved from Current Provisions	31.03	(1 234 745)
	Total		7 157 686
			-1 923 226
31.10	Vat payable from exchange-transactions		
	Disclosure as required by GRAP 1.		
	Balance previously reported		
	Opening balance GRAP movements 2009	31.08	154 959
	Total		154 959
			6 444 627
31.11	Trade and Other Payables		
	Disclosure as required by GRAP 1.		
	Balance previously reported		
	Opening balance GRAP movements 2009		4 848 236
	Correction of AFS 2010 amount disclosed - Moved to Consumer Deposits	31.07	(1 577 213)
	Correction of AFS 2010 amount disclosed - Moved from General Expenditure	31.23	375
	Correction of AFS 2010 amount disclosed - Moved to General Expenditure	31.23	(26 294)
	Total		3 245 104
			2 720 699

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

31	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)	2010	2009
		R	R
31.12 Property, Plant and Equipment - GRAP 17			
	Property, Plant and Equipment recorded as required by GRAP 17.		
	Balance previously reported	254 899 968	205 392 255
	Opening balance GRAP movements 2009	830 314 796	-
	Implementation of GRAP		
	Correction of Error - Finance Leases not previously recorded	31.15	418 000
	Correction of Error - PPE - Infrastructure Assets and Land & Buildings not previously recorded - Transferred from Accumulated Surplus	31.22	829 896 796
	Total	<u>1 085 214 764</u>	<u>1 035 707 051</u>
31.13 Accumulated Depreciation			
	Correcting the incorrect disclosure on clearing of loans redeemed in AFS 2009		
	Balance previously reported	(87 140 131)	(75 419 952)
	Opening balance GRAP movements 2009	(10 239 648)	-
	Correction of Error - Finance Leases not previously recorded	31.12	(139 333)
	Investment Properties - Accumulated Depreciation not Previously recognised transferred from Accumulated Surplus	31.22	(16 860)
	Correction of Error - PPE - Infrastructure Assets and Land & Buildings not previously recorded - Transferred from Accumulated Surplus & St of Financial Performance	31.22	(26 774 998)
	Total	<u>-124 310 971</u>	<u>(10 113 040)</u>
31.14 Cash and cash equivalents			
	Balance previously reported	4 908 679	(131 461)
	Opening balance GRAP movements 2009	(1 100 868)	-
	Implementation of GRAP		
	Correction of AFS 2010 amount disclosed - Moved from Accumulated Surplus	31.22	(1 100 868)
	Correction of AFS 2010 amount disclosed - Moved from General Expenditure	31.23	5 000
	Total	<u>3 812 811</u>	<u>(1 232 329)</u>
31.15 Long term liabilities			
	Balance previously reported	(37 666 078)	(41 597 138)
	Opening balance GRAP movements 2009	(305 830)	-
	Implementation of GRAP		
	Correction of AFS 2010 amount disclosed - Moved to Accumulated Surplus	31.22	32 098
	Correction of AFS 2010 amount disclosed - Moved to Accumulated Surplus	31.22	(346)
	Correction of Error - Finance Leases not previously recorded	31.12	-337 581
	Total	<u>(37 838 636)</u>	<u>(41 902 968)</u>
31.16 Operating Lease Asset			
	Balance previously reported	1 408	-
	Opening balance GRAP movements 2009	553	-
	Correction of Error - Operating Leases not previously recorded	31.22	1 408
	Total	<u>1 961</u>	<u>1 408</u>
31.17 Investment Properties			
	Investment Properties recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2009	1 686 000	-
	Implementation of GRAP		
	Investment Properties not Previously recognised transferred from Accumulated Surplus	31.22	1 686 000
	Total	<u>1 686 000</u>	<u>1 686 000</u>
31.18 Intangible Assets			
	Intangible assets recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2009	1 974 569	-
	Implementation of GRAP		
	Intangible Assets not Previously recognised transferred from Accumulated Surplus	31.22	1 974 569
	Total	<u>1 974 569</u>	<u>1 974 569</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

31	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)	2010	2009
		R	R
31.19	Accumulated Amortisation		
Accumulated Amortisation recorded as they are required by GRAP.			
	Balance previously reported		
	Opening balance GRAP movements 2009	(1 519 281)	
	Implementation of GRAP		
	Intangible Assets - Accumulated Amortisation not Previously recognised transferred from Accumulated Surplus	31.23	(123 185)
	Total		(1 519 281)
31.20	Inventory		
Disclosure as required by GRAP 1.			
	Balance previously reported		
	Correction of AFS 2010 amount disclosed - Moved from General Expenditure	31.23	6 824 701
			86 591
	Total		6 911 292
31.21	Remuneration of councillors		
Disclosure as required by GRAP 1.			
	Balance previously reported		
	Correction of AFS 2010 amount disclosed - Moved from Employee cost	3 850 346	
		3 850 346	
31.22	Accumulated Surplus/(Deficit)		
Correction of Error - Finance Leases not previously recorded			
		31.15	(12 470)
	Correction of Error - Operating Leases not previously recorded	31.16	1 408
	Correction of Error - Allowance for Doubtful Debts	31.08	(9 064 568)
	Correction of AFS 2010 amount disclosed - Moved to Cash and Cash Equivalents	31.14	(1 100 868)
	Investment Properties not Previously recognised transferred from Accumulated Surplus	31.17	1 686 000
	Intangible Assets not Previously recognised transferred from Accumulated Surplus	31.18	1 974 569
	Investment Properties - Accumulated Depreciation not Previously recognised transferred from Accumulated Surplus	31.13	(33 720)
	Intangible Assets - Accumulated Amortisation not Previously recognised transferred from Accumulated Surplus	31.19	(1 519 281)
	Correction of Error - PPE - Infrastructure Assets and Land & Buildings not previously recorded - Transferred from Accumulated Surplus	31.12	829 896 796
	Correction of Error - PPE - Infrastructure Assets and Land & Buildings not previously recorded - Transferred from Accumulated Surplus & St of Financial Performance	31.13	(10 113 040)
	Correction of AFS 2010 amount disclosed - Moved from Trade and other Receivables from Exchange transactions	31.08	(154 959)
	Correction of AFS 2010 amount disclosed - Moved from Trade and other Receivables from Exchange transactions	31.08	(630)
	Correction of AFS 2010 amount disclosed - Moved from Long Term Liabilities	31.15	32 098
	Correction of AFS 2010 amount disclosed - Moved from Long Term Liabilities	31.15	(346)
	Correction of AFS 2010 amount disclosed - Moved from Trade and other Receivables from Exchange transactions	31.08	799
	Correction of AFS 2010 amount disclosed - Moved from Unspent conditional grants & receipts	31.05	(453)
	Correction of Contractor services (Repairs and Maintenance) that was incorrectly recorded in Accumulated Surplus	31.23	86 591
	Correction of Levies: Housing Scheme (Other Income) that was incorrectly recorded in Accumulated Surplus	31.23	(66 838)
	Correction of Sundry: Photocopies (Other Income) that was incorrectly recorded in Accumulated Surplus	31.23	(1 053)
	Correction of Sundry: Finance (Other Income) that was incorrectly recorded in Accumulated Surplus	31.23	(140)
	Correction of Staff Leave (Employee Related cost) that was incorrectly recorded in Accumulated Surplus	31.23	(185 762)
	Correction of Vehicles (Repairs and Maintenance) that was incorrectly recorded in Accumulated Surplus	31.23	(762 541)
	Correction of Redemption (General Expenditure) that was incorrectly recorded in Accumulated Surplus	31.23	(4 814 558)
	Post Employment Medical Benefit Fund not previously recognised transferred from Accumulated Surplus	31.02	(5 719 048)
	Long-service not previously recognised transferred from Accumulated Surplus	31.02	(989 174)
	Correction and Restructure of Statement of Financial Performance recorded in Accumulated Surplus	31.23	(43 541 528)
	Total		-49 285 828
			804 883 114

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31	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)	2010 R	2009 R
31.23 Changes to Statement of Financial Performance			
Balance previously reported			
	Correction and Restructure of Statement of Financial Performance on Property taxes	31.22	46 061
	Correction and Restructure of Statement of Financial Performance on Government Grants and Subsidies - Capital	31.22	-
	Correction and Restructure of Statement of Financial Performance on Government Grants and Subsidies - Operating	31.22	41 616 742
	Correction and Restructure of Statement of Financial Performance on Public Contributions and Donations	31.22	(411)
	Correction and Restructure of Statement of Financial Performance on Fines	31.22	(1 054 031)
	Correction and Restructure of Statement of Financial Performance on Licences and Permits	31.22	(1 460 579)
	Correction and Restructure of Statement of Financial Performance on Service Charges	31.22	(1 973 863)
	Correction and Restructure of Statement of Financial Performance on Rental of Facilities and Equipment	31.22	23 072
	Correction and Restructure of Statement of Financial Performance on Interest Earned - external investments	31.22	364 814
	Correction and Restructure of Statement of Financial Performance on Interest Earned - outstanding debtors	31.22	713 982
	Correction and Restructure of Statement of Financial Performance on Agency Services	31.22	911 910
	Correction and Restructure of Statement of Financial Performance on Other Income	31.22	-
	Correction and Restructure of Statement of Financial Performance on Employee related costs	31.22	-
	Correction and Restructure of Statement of Financial Performance on Remuneration of Councillors	31.22	-
	Correction and Restructure of Statement of Financial Performance on Debt Impairment	31.22	(647 710)
	Correction and Restructure of Statement of Financial Performance on Collection Cost	31.22	121 274
	Correction and Restructure of Statement of Financial Performance on Repairs and Maintenance	31.22	(97 484)
	Correction and Restructure of Statement of Financial Performance on Finance Charges	31.22	163 193
	Correction and Restructure of Statement of Financial Performance on Other Operating Grant Expenditure	31.22	-
	Correction and Restructure of Statement of Financial Performance on General Expenses	31.22	4 814 558
	Post Employment Medical Benefit Fund not previously recognised transferred from Statement of Financial Performance	31.02	(256 143)
	Long Service Bonus not previously recognised transferred from Statement of Financial Performance	31.02	(189 261)
	Correction of Contractor services (Repairs and Maintenance) that was incorrectly recorded in Accumulated Surplus	31.22	(86 591)
	Correction of Levies: Housing Scheme (Other Income) that was incorrectly recorded in Accumulated Surplus	31.22	66 838
	Correction of Sundry: Photocopies (Other Income) that was incorrectly recorded in Accumulated Surplus	31.22	1 053
	Correction of Sundry: Finance (Other Income) that was incorrectly recorded in Accumulated Surplus	31.22	140
	Correction of Staff Leave (Employee Related cost) that was incorrectly recorded in Accumulated Surplus	31.22	185 762
	Correction of Vehicles (Repairs and Maintenance) that was incorrectly recorded in Accumulated Surplus	31.22	762 541
	Correction of Redemption (General Expenditure) that was incorrectly recorded in Accumulated Surplus	31.22	4 814 558
	Investment Properties - Accumulated Depreciation not Previously recognised	31.13	(16 860)
	Intangible Assets - Accumulated Amortisation not Previously recognised	31.19	(123 185)
	Correction of Error - PPE - Infrastructure Assets and Land & Buildings not previously recorded - Transferred from Accumulated Surplus & St of Financial Performance	31.13	(26 774 998)
	Correction of Error - Finance Leases not previously recorded - Rental Expense	31.15	166 560
	Correction of Error - Finance Leases not previously recorded - Finance Charge	31.15	(33 288)
	Correction of Error - Finance Leases not previously recorded - Depreciation	31.15	(139 333)
	Correction of Error - Operating Leases not previously recorded - Rental Income	31.16	553
	Correction of Error - Allowance for Doubtful Debts - Debt Impairment	31.08	(703 365)
	Correction of AFS 2010 amount disclosed - Moved from Trade Payables	31.11	26 294.15
	Correction of AFS 2010 amount disclosed - Moved to Trade Payables	31.11	-375.25
	Correction of AFS 2010 amount disclosed - Moved to Inventory	31.20	86 590.80
	Correction of AFS 2010 amount disclosed - Moved to Trade and other Receivables from Non-Exchange transactions	31.09	1 147 204.00
	Correction of AFS 2010 amount disclosed - Moved to Cash and Cash Equivalents	31.14	5 000.00
	Correction of AFS 2010 amount disclosed - Moved from Long term receivables	31.06	(4 260)
Total		30 714 484	-

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
		R	R
32	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
<hr/>			
	Surplus/(Deficit) for the year	(8 236 008)	(19 773 554)
Adjustments for:			
	Depreciation	40 299 868	38 651 370
	Amortisation of Intangible Assets	132 397	123 185
	Impairments	92 063	-
	Contribution from/to employee benefits - benefits paid	1 417 234	1 226 450
	Contribution from/to employee benefits - non-current - expenditure incurred	(834 775)	(737 099)
	Contribution from/to employee benefits - non-current - actuarial gains	970 499	(43 947)
	Contribution to employee benefits - current	600 997	465 108
	Contribution to employee benefits - current - expenditure incurred	(437 949)	(718 216)
	Contribution to provisions - Debt Impairment	2 165 720	1 769 475
	Impairment written off	(5 560)	(29 454)
	Operating lease income accrued	(17)	(553)
	Operating Surplus/(Deficit) before changes in working capital	36 164 469	20 932 765
	Changes in working capital	(7 217 889)	25 202 031
	Increase/(Decrease) in Trade and Other Payables	380 398	524 033
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(2 540 697)	3 282 278
	Increase/(Decrease) in Taxes	(3 912 946)	6 289 668
	(Increase)/Decrease in Inventory	172 749	6 231 032
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(829 321)	-
	(Increase)/Decrease in Trade Receivables from exchange transactions	(1 535 330)	303 395
	(Increase)/Decrease in Other Receivables from non-exchange transactions	1 047 257	8 571 625
	Cash generated/(absorbed) by operations	28 946 580	46 134 796
	<hr/>	<hr/>	<hr/>
		2011	2010
		R	R
33	CASH AND CASH EQUIVALENTS		
<hr/>			
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Cash Floats	20.00	6 520
	Bank	20.00	951
	Bank overdraft	20.00	(2 334 704)
	Total cash and cash equivalents	(2 327 233)	4 907 728
	<hr/>	<hr/>	<hr/>
34	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
<hr/>			
	Cash and Cash Equivalents	33.00	(2 327 233)
	Investments	13.00	222
	Less:		
	Unspent Committed Conditional Grants	8.00	3 099 333
	Staff Leave	5.00	1 267 394
	Net cash resources available for internal distribution	(6 693 738)	(1 836 150)
	Resources available for working capital requirements	(6 693 738)	(1 836 150)
	<hr/>	<hr/>	<hr/>

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

35 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		2011	2011	2011	2011
		R	R	R	(%)
		(Actual)	(Budget)	(Variance)	
	Long-term Liabilities	2.00	33 776 137	37 838 636	
	Used to finance property, plant and equipment - at cost		-	-	
			33 776 137	37 838 636	
	Cash set aside for the repayment of long-term liabilities		-33 776 137	-37 838 636	
	Cash invested for repayment of long-term liabilities				
			-	-	
			—	—	

36 BUDGET COMPARISONS		2011	2011	2011	2011
		R	R	R	(%)
		(Actual)	(Budget)	(Variance)	
36.01 Operational					
	Revenue by source				
	Property Rates	13 030 789	15 023 954	(1 993 165)	-13%
	Government Grants and Subsidies - Capital	27 441 703	-	27 441 703	100%
	Government Grants and Subsidies - Operating	80 930 282	54 315 847	26 614 435	49%
	Public Contributions and Donations	-	3 812 182	(3 812 182)	-100%
	Fines	1 344 567	1 965 478	(620 911)	-32%
	Third Party Payments	196 594	-	196 594	100%
	Property Rates - penalties imposed and collection charges	-	-	-	0%
	Service Charges	64 223 908	63 515 759	708 149	1%
	Rental of Facilities and Equipment	1 649 776	1 850 165	(200 389)	-11%
	Interest Earned - external investments	1 183 635	315 000	868 635	276%
	Interest Earned - outstanding debtors	931 118	1 500 000	(568 882)	-38%
	Licences and Permits	1 507 403	1 567 306	(59 903)	-4%
	Agency Services	1 042 245	993 280	48 965	5%
	Other Revenue	5 397 048	2 276 579	3 120 469	137%
	Dividends Received	104	-	104	100%
		198 879 172	147 135 550	51 743 622	35%
	Expenditure by nature				
	Employee Related Costs	(36 586 991)	(42 988 644)	6 401 653	-15%
	Remuneration of Councillors	(5 266 644)	-	(5 266 644)	100%
	Debt Impairment	(2 165 720)	(298 470)	(2 161 500)	51220%
	Depreciation and Amortisation	(40 432 265)	(4 220)	(40 432 265)	100%
	Impairments	(92 063)	-	(92 063)	100%
	Repairs and Maintenance	(19 722 687)	(24 556 830)	4 834 143	-20%
	Actuarial losses	(970 499)	-	(970 499)	100%
	Finance Charges	(4 102 974)	(3 667 655)	(435 319)	12%
	Bulk Purchases	(30 543 229)	(31 522 513)	979 284	-3%
	Operating Grant Expenditure	(31 234 715)	(3 262 591)	(27 972 124)	857%
	General Expenses	(35 997 393)	(40 519 548)	4 522 155	-11%
		(207 115 180)	(146 820 471)	(60 593 179)	41%
	Other Gains/Losses				
	Loss on Disposal of PPE	-	-	-	0%
	Gains on Disposal of PPE	-	100 000	(100 000)	-100%
		-	100 000	(100 000)	-100%
	Net Surplus for the year	(8 236 008)	415 079	(8 949 557)	-2156%

Details of material variances

Rental of Facilities and Equipment - Less income received due to decline in government bookings for Caravan Park
 Other Revenue - Less income received due to less building plans and sundry income.

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2011	2011	2011
	R	R	R	R
	(Actual)	(Budget)	(Variance)	(%)
36.02 Expenditure by Vote				
Airstrip	-563 878	-673 313	109 435	-16%
Assessment rates	-1 065 852	-1 091 974	26 122	-2%
Caravanpark	-1 799 553	-2 044 532	244 979	-12%
Cemetery	-423 722	-472 280	48 558	-10%
Cleansing	-8 797 316	-9 060 642	263 326	-3%
Clinic	-6 146	-2 168	(3 978)	183%
Collections	-612 960	-653 641	40 681	-6%
Community def worker	-3 630	-4 166	536	-13%
Community services	-1 676 857	-1 888 866	212 009	-11%
Corporate administat	-4 658 117	-4 920 769	262 652	-5%
Council expenses	-8 794 953	-8 639 639	(155 314)	2%
Dataprocessing	-1 348 046	-1 282 823	(65 223)	5%
Department health se	-941 647	-1 215 429	273 782	-23%
Disaster management	-437 773	-530 565	92 792	-17%
Donations	-236 204	-259 796	23 592	-9%
Electricity	-51 777 207	-41 518 910	(10 258 297)	25%
Electricity - admin	-293 884	-310 472	16 588	-5%
Estates	-2 007 522	-2 235 498	227 976	-10%
Financial services	-11 758 502	-7 920 230	(3 838 272)	48%
Firebrigade	-553 601	-717 717	164 116	-23%
Idp/pms	-458 590	-459 645	1 055	0%
Internal auditor	-56 253	-77 108	20 855	-27%
L e d	-517 368	-567 051	49 683	-9%
Library	-2 530 084	-2 500 687	(29 397)	1%
Licences	-811 369	-913 069	101 700	-11%
Meterreadings	-659 768	-684 719	24 951	-4%
Municipal buildings	-2 326 864	-2 636 846	309 982	-12%
Municipal houses	-5 698	-8 041	2 343	-29%
Municipal manager	-1 914 999	-2 051 824	136 825	-7%
Nature reserve	-562 136	-597 953	35 817	-6%
Parks& recreation	-4 015 885	-4 727 804	711 919	-15%
Pavements and island	-11 565	-39 095	27 530	-70%
Proclaimed roads	-	-5 880	5 880	-100%
Public relations	-729 109	-729 497	388	0%
Pw roads & s water	-15 124 043	-8 979 586	(6 144 457)	68%
Sanitation	-3 607 407	-1 177 747	(2 429 660)	206%
Second eye	-208 911	-248 295	39 384	-16%
Sewerage	-4 323 983	-4 966 235	642 252	-13%
Stores	-1 120 691	-1 127 616	6 925	-1%
Swimming pools	-168 333	-244 166	75 833	-31%
Technical services	-31 287 795	-2 627 469	(28 660 326)	1091%
Testing ground	-588 245	-1 366 094	777 849	-57%
Townplanning & buil	-1 968 242	-2 051 015	82 773	-4%
Traffic	-4 044 329	-4 331 538	287 209	-7%
Wardcommittee	-1 284 372	-1 291 246	6 874	-1%
Water	-30 394 035	-16 132 042	(14 261 993)	88%
Workshop	-637 736	-834 773	197 037	-24%
	-207 115 180	-146 820 471	(60 294 709)	41%

Details of material variances

Finance, Commonage, Properties, Public Works: Roads and Sewerage & Sanitation overspend due to Depreciation
 Finance overspend also due to Internal Charges

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
36 BUDGET COMPARISONS (CONTINUE)				
36.03 Capital expenditure by vote				
Airstrip	-	-	-	0%
Assessment rates	-	-	-	0%
Caravanpark	(256 219)	-	(256 219)	100%
Cemetery	-	-	-	0%
Cleansing	-	(955 000)	955 000	-100%
Clinic	-	-	-	0%
Collections	(2 105)	-	(2 105)	100%
Community def worker	-	-	-	0%
Community services	(17 227)	(145 000)	127 773	-88%
Corporate administat	(7 691 264)	-	(7 691 264)	100%
Council expenses	(4 387)	(100 000)	95 613	-96%
Dataprocessing	-	(10 000)	10 000	-100%
Department health se	(13 457)	(4 000)	(9 457)	236%
Disaster management	-	(60 000)	60 000	-100%
Donations	-	-	-	0%
Electricity	(5 191 126)	(5 581 000)	389 874	-7%
Electricity - admin	-	-	-	0%
Estates	-	-	-	0%
Financial services	(50 310)	(30 000)	(20 310)	68%
Firebrigade	-	(2 570 000)	2 570 000	-100%
Idp/prms	(2 368)	-	(2 368)	100%
Internal auditor	-	-	-	0%
L e d	-	-	-	0%
Library	(5 316)	(5 313)	(3)	0%
Licences	(1 178)	-	(1 178)	100%
Meterreadings	-	(253 740)	253 740	-100%
Municipal buildings	(11 506)	(10 194 892)	10 183 386	-100%
Municipal houses	-	-	-	0%
Municipal manager	(25 892)	(43 000)	17 108	-40%
Nature reserve	(351)	(219 707)	219 356	-100%
Parks& recreation	-	(500 000)	500 000	-100%
Pavements and island	-	-	-	0%
Proclaimed roads	-	-	-	0%
Public relations	-	-	-	0%
Pw roads & s water	-	(1 600 000)	1 600 000	-100%
Sanitation	(19 604)	-	(19 604)	100%
Second eye	-	-	-	0%
Sewerage	-	(1 320 894)	1 320 894	-100%
Stores	(7 699)	-	(7 699)	100%
Swimming pools	-	-	-	0%
Technical services	(58 040)	(8 511 137)	8 453 097	-99%
Testing ground	(201 500)	(1 060 000)	858 500	-81%
Townplanning & buil	-	(33 477)	33 477	-100%
Traffic	(13 360)	-	(13 360)	100%
Wardcommittee	-	-	-	0%
Water	(16 701 528)	(11 670 712)	(5 030 815)	43%
Workshop	-	-	-	0%
	-30 274 437	-44 867 872	14 593 435	-33%

Details of material variances

Capital project roll-overs of previous years not Budgeted for.

	2011 R	2010 R
37 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
37.01 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	-	-
Unauthorised expenditure current year - capital	-	-
Unauthorised expenditure current year - operating	60 294 709	60 294 709
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	60 294 709	-

Incident	Disciplinary steps/criminal proceedings
Depreciation calculation with GRAP not included in Budget, creating overspending.	None

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010				
		R	R				
37	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)						
37.02	<u>Fruitless and wasteful expenditure</u>						
	Reconciliation of fruitless and wasteful expenditure:						
	Opening balance		-				
	Fruitless and wasteful expenditure current year	13 083	-				
	Condoned or written off by Council	-	-				
	Transfer to receivables for recovery - not condoned	-	-				
		13 083	-				
	Fruitless and wasteful expenditure awaiting condonement	13 083	-				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left; padding: 2px;">Incident</th> <th style="text-align: left; padding: 2px;">Disciplinary steps/criminal proceedings</th> </tr> <tr> <td style="padding: 2px;"><i>Interest paid on late payments to the value of R465 for Telkom and R12 618 for Eskom.</i></td> <td style="padding: 2px;">None</td> </tr> </table>	Incident	Disciplinary steps/criminal proceedings	<i>Interest paid on late payments to the value of R465 for Telkom and R12 618 for Eskom.</i>	None		
Incident	Disciplinary steps/criminal proceedings						
<i>Interest paid on late payments to the value of R465 for Telkom and R12 618 for Eskom.</i>	None						
38	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2011	2010				
		R	R				
38.01	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>						
	Opening balance		-				
	Council subscriptions	212 385	193 777				
	Amount paid - current year	(212 385)	(193 777)				
	Amount paid - previous years	-	-				
		-	-				
	Balance unpaid (included in creditors)	-	-				
38.02	<u>Audit fees - [MFMA 125 (1)(b)]</u>						
	Opening balance		-				
	Current year audit fee	2 816 770	2 178 160				
	External Audit - Auditor-General	2 386 770	1 778 160				
	Internal Audit	430 000	400 000				
	Audit Committee	-	-				
		(2 816 770)	(2 178 160)				
	Amount paid - current year	-	-				
	Amount paid - previous year	-	-				
		-	-				
	Balance unpaid (included in creditors)	-	-				

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

38.03 VAT - [MFMA 125 (1)(b)]				
VAT		(4 067 905)	(154 959)	
VAT is payable/receivable on the cash basis.				
38.04 PAYE, SDL and UIF - [MFMA 125 (1)(b)]				
Opening balance		2011	2010	
Current year payroll deductions and Council Contributions		R	R	
Amount paid - current year		5 592 188	5 110 011	
		-5 592 188	-5 110 011	
Balance unpaid (included in creditors)				
		-	-	
38.05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]				
Opening balance		2011	2010	
Current year payroll deductions and Council Contributions		R	R	
Amount paid - current year		10 638 503	9 573 673	
Amount paid - previous year		-10 638 503	-9 573 673	
Balance unpaid (included in creditors)				
		-	-	
38.06 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]				
The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2011:				
		2011	2010	
		R	R	
		Outstanding more than 90 days	Outstanding more than 90 days	
Councillor: MAP Brink		15 128	-	
Councillor: FP Byleveld		3 582	-	
Councillor:		-	-	
Councillor:		-	-	
Councillor:		-	-	
Councillor:		-	-	
Total Councillor Arrear Consumer Accounts				
		18 710	-	
38 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)				
38.07 Quotations awarded - Section 45 - Supply Chain Management				
Non-compliance with the Supply Chain Management Regulations were identified on the following categories:				
	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Executive & Council	-	-	-	-
Corporate Services	-	-	-	-
Development Services	117 144	39 661	-	-
Financial Services	186 123	1 353 377	-	-
Technical Services	169 533	73 671	-	-
Electrical Services	95 994	50 092	-	-
	568 794	1 516 801	-	-

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
39	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	25 273 275	11 622 072
	Land & Buildings	6 491 938	308 596
	Infrastructure	18 781 337	11 313 476
	Other	-	-
	Approved but not yet contracted for	-	-
	Land & Buildings	-	-
	Infrastructure	-	-
	Other	-	-
	Total	25 273 275	11 622 072
		2011 R	2010 R
	This expenditure will be financed from:		
	External Loans	1 049 939	1 464 310
	Capital Replacement Reserve	-	-
	Government Grants	24 223 336	10 157 762
	Own Resources	-	-
	District Council Grants	-	-
		25 273 275	11 622 072
		2011 R	2010 R
40	FINANCIAL RISK MANAGEMENT		
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
	(a) Foreign Exchange Currency Risk		
	The municipality does not engage in foreign currency transactions.		
	(b) Price risk		
	The municipality is not exposed to price risk.		
	(c) Interest Rate Risk		
	As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
	The municipality did not hedge against any interest rate risks during the current year.		
		2011 R	2010 R
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
	0.5% (2009 - 0.5%) Increase in interest rates	(157 206)	164 671
	0.5% (2009 - 0.5%) Decrease in interest rates	157 206	(164 671)

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	40	FINANCIAL RISK MANAGEMENT (CONTINUE)	2011	R	2010	R
(d) Credit Risk						
Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.						
Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.						
Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.						
All rates and services are payable within 30 days from invoice date. Refer to note 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 16 for balances included in receivables that were re-negotiated for the period under review.						
No trade and other receivables are pledged as security for financial liabilities.						
Due to the short term nature of trade and other receivables the carrying value disclosed in note 16 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.						
The provision for bad debts could be allocated between the different classes of debtors as follows:						
	2011	2011	2010	2010	2010	2010
	%	R	%	R	%	R
Electricity	11.00%	1 665 413	10.38%	1 347 069	10.38%	1 347 069
Water	3.51%	531 606	3.72%	482 368	3.72%	482 368
Housing Rentals	0.00%	-	0.00%	-	0.00%	-
Refuse	16.64%	2 519 926	15.76%	2 046 427	15.76%	2 046 427
Sewerage	29.39%	4 449 656	28.86%	3 746 675	28.86%	3 746 675
Other Consumer Arrears	18.26%	2 764 948	20.93%	2 717 632	20.93%	2 717 632
Rates	21.20%	3 210 206	20.35%	2 641 423	20.35%	2 641 423
	100.00%	15 141 754	100.00%	12 981 594	100.00%	12 981 594

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

40 FINANCIAL RISK MANAGEMENT (CONTINUE)

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Statement of Financial Position date for impairment or discounting. A report on the various categories of Debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2011 R	2010 R
Long term receivables	551 241	512 460
Trade receivables and other receivables	14 143 300	15 815 389
Cash and Cash Equivalents	7 471	3 812 811
Unpaid conditional grants and subsidies	829 321	-
	15 531 334	20 140 660

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2011				
Long Term liabilities	6 609 069	18 574 663	30 304 297	-
Capital repayments	3 498 204	8 457 956	20 974 085	-
Interest	3 110 865	10 116 707	9 330 212	-
Trade and Other Payables	270 518	-	-	-
Unspent conditional government grants and receipts	2 270 012	-	-	-
	9 149 599	18 574 663	30 304 297	-
2010				
Long Term liabilities	8 175 361	20 762 251	34 510 737	215 041
Capital repayments	4 704 434	9 719 109	23 001 838	209 299
Interest	3 470 927	11 043 142	11 508 899	5 742
Trade and Other Payables	-	-	-	-
Unspent conditional government grants and receipts	5 640 030	-	-	-
	13 815 391	20 762 251	34 510 737	215 041

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

			2011	2010
			R	R
41	FINANCIAL INSTRUMENTS			
		In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
		The fair value of financial instruments approximates the amortised costs as reflected below.		
41.01	Financial Assets	Classification		
	Long-term Receivables			
	Trade and other receivables with arrangements	Financial instruments at amortised cost	551 241	512 460
	Sport Club Loans	Financial instruments at amortised cost	-	-
	Consumer Debtors			
	Trade receivables from exchange transactions	Financial instruments at amortised cost	20 435 191	18 899 861
	Other receivables from exchange transactions	Financial instruments at amortised cost	98 012	98 012
	Other receivables from non-exchange transactions	Financial instruments at amortised cost	8 751 852	9 799 109
	Other Debtors			
	Government Subsidies and Grants	Financial instruments at amortised cost	829 321	-
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	-	4 904 008
	Cash Floats and Advances	Financial instruments at amortised cost	6 520	3 720
			30 672 137	34 217 170
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		30 672 137	34 217 170
41	FINANCIAL INSTRUMENTS (CONTINUE)			
41.02	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	30 093 429	32 284 358
	Capitalised Lease Liability	Financial instruments at amortised cost	601 319	54 161
	Trade Payables			
	Trade creditors	Financial instruments at amortised cost	-	-
	Retentions	Financial instruments at amortised cost	270 518	1 007 764
	Deposits	Financial instruments at amortised cost	-	-
	Unspent Conditional Grants and Receipts			
	Other Spheres of Government	Financial instruments at amortised cost	3 099 333	5 640 030
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	2 839 157	5 349 969
	Capitalised Lease Liability	Financial instruments at amortised cost	242 233	150 148
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	(2 334 704)	-
			34 811 284	44 486 430
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		34 811 284	44 486 430

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
		R	R
42	EVENTS AFTER THE REPORTING DATE		
	The municipality has no events after reporting date during the financial year ended 2010/2011.		
43	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
44	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
45	CONTINGENT LIABILITY		
	2011		
	Erf 489 - Summons was received from TEB properties, who demands payment of R2 428 254.00 with legal costs of R300 000 for the purchase price and improvements made. The legal service provider advised that we consider a settlement meeting with the opponents.		
	Bophinma Black Contractors - The matter was defended and Plaintiff stopped from proceeding with matter as its summonses were badly drafted in law and ordered to cure its summonses before they could proceed. The estimated cost is R1 479 304.67 with legal costs of R200 000. The Plaintiff has not acted on the matter, the matter is not proceeding in Court, we are awaiting on Plaintiff to act.		
	Trespass Security - Plaintiff claiming R2 557 551.08 with legal costs of R350 000 breach of contract by Municipality by not awarding them the Security tender. The matter has been defended, currently Plaintiff employs dilatory tactics by not committing to trial date. A cost order for wasted costs recently obtained against Plaintiff. Awaiting trial date on the matter.		
	Leungo Consultants that prepared business plan for housing at Bankhara and felt was paid less for professional fees plaintiff claiming R1 040 570.79 with legal costs of R200 000.		
46	CONTINGENT ASSET		
	During the year 2009/10 a case of alleged theft at the vehicle registration office to the amount of R71 358 was reported to the SAPS. The 3 officials identified were suspended with full remuneration. A creditor was created for Department of Transport, Safety and Liaison for an amount of R66,825.22 short for 2009/2010.		
47	RELATED PARTIES		
	The municipality has no related party transactions during the financial year ended 2010/2011.		
47.01	Related Party Loans		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 14 to the Annual Financial Statements.		
47.02	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 25 to the Annual Financial Statements.		
47.03	Other related party transactions		
	The municipality has no other related party transactions during the financial year ended 2010/2011.		

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

48	TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES	2011	2010
		R	R
48.01	GRAP 19 - Provisions, contingent liabilities and contingent Assets		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.		
	Since the previous reporting date, taking advantage of the transitional provisions and applying GRAP 19 had no effect on the current and comparative year values.		
48.02	GRAP 100 - Non-current assets and discontinued operations		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.		
48.03	GRAP 16 - Investment Properties		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.	11.00	
	Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:		
	Land and Buildings.	2011	2010
	Total not previously recognised now restated retrospectively	R	R
		-	1 686 000
		-	1 686 000
48.04	GRAP 102 - Intangible Assets		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.	12.00	
	Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:		
	Computer system;	2011	2010
	Accumulated amortisation on computer system	(132 397)	(185)
	Total not previously recognised now restated retrospectively	(132 397)	1 851 384
48	TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES (CONTINUE)	2011	2010
		R	R
48.05	GRAP 12 - Inventories		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.	15.00	
	Since the previous reporting date, taking advantage of the transitional provisions and applying GRAP 12 had no effect on the current and comparative year values.		
48.06	GRAP 13 - Leases		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.	2.00	
	Since the previous reporting date the following Leases were measured in accordance with GRAP 13 and restated retrospectively:		
	Operating Lease Agreements	2011	2010
		-	961
	Total not previously recognised now restated retrospectively	-	1
48.07	GRAP 17 - Property, Plant and Equipment		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.	10.00	
	The municipality identified all Property, Plant and Equipment and had it valued in terms of GRAP 17. The Municipality itemized all infrastructure, community and other assets and accumulated depreciation was recalculated.		

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX A - Unaudited
GA-SEGONYANA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Correction of error	Balance at 30 JUNE 2010 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011
ANNUITY LOANS									
DBSA	15.000%	11099/102	2018/06/30	5 839 061	-	5 839 061	-	(417 439)	5 421 622
DBSA	8.670%	13511/202	2014/12/31	1 039 422	-	1 039 422	-	(230 983)	808 439
DBSA	9.420%	13891/201	2021/12/31	2 213 332	-	2 213 332	-	(192 464)	2 020 868
DBSA	11.500%	100234/1	2023/12/31	3 785 480	-	3 785 480	-	(127 399)	3 658 081
DBSA	9.340%	101738/2	2025/06/30	6 348 841	-	6 348 841	-	(207 361)	6 141 480
DBSA	8.620%	102274/1	2011/06/30	1 747 970	-	1 747 970	-	(1 747 970)	0
DBSA	8.463%	102274/2	2026/06/30	10 986 462	-	10 986 462	-	(343 811)	10 642 651
DBSA	5.000%	102568/1	2012/06/30	3 027 392	-	3 027 392	223 807	(1 528 297)	1 722 902
DBSA	5.000%	102568/2	2027/06/30	2 458 153	-	2 458 153	-	(94 494)	2 363 659
ABSA	10.500%	79000448	2015/01/01	94 107	-	94 107	-	(17 665)	76 442
ABSA	10.500%	79001690	2015/01/01	94 107	-	94 107	-	(17 665)	76 442
Total Annuity Loans				37 634 327	-	37 634 327	223 807	(4 925 548)	32 932 586
LEASE LIABILITY									
Xerox Copier C5665	11.95%	Corporate Services	2015/08/01	-	-	-	173 000	(17 316)	155 684
Toshiba e-Studio 232 Digital Copier	11.98%	Corporate Services	2011/10/31	-	-	40 862	-	(30 030)	10 832
Toshiba e-Studio 232 Digital Copier	11.98%	Corporate Services	2011/10/31	-	-	40 862	-	(30 030)	10 832
Toshiba e-Studio 207 Digital Copier	11.98%	Corporate Services	2011/10/31	-	-	40 862	-	(30 030)	10 832
Toshiba e-Studio 207 Digital Copier	11.98%	Corporate Services	2011/10/31	-	-	40 862	-	(30 030)	10 832
Toshiba DP50 Multifunctional Fax	11.98%	Corporate Services	2011/10/31	-	-	40 862	-	(30 030)	10 832
Siemens PABX	12.07%	Corporate Services	2015/06/30	-	-	-	750 000	(116 293)	633 707
Total Lease Liabilities				-	-	204 309	923 000	(283 757)	843 552
TOTAL EXTERNAL LOANS				37 634 327	-	37 838 636	1 146 807	(5 209 305)	33 776 137

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX B - Unaudited
GA-SEGONYANA LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES & INTANGIBLE ASSETS AS AT 30 JUNE 2011

	Cost/Revaluation				Under Construction	Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance		Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land	44 330 900	-	-	44 330 900	-	-	-	-	-	44 330 900
Buildings	5 959 896	1 146 453	-	7 106 348	6 491 938	169 694	56 779	-	226 473	13 371 814
	50 290 796	1 146 453		51 437 248	6 491 938	169 694	56 779		226 473	57 702 714
Infrastructure										
Electricity Network	310 363 449	803 669	-	311 167 119	4 369 456	34 249 642	11 428 014	-	45 677 655	269 858 920
Storm water Network	69 241 574	-	-	69 241 574	-	9 571 760	3 190 587	-	12 762 346	56 479 228
Road Network	210 450 781	-	-	210 450 781	-	23 119 241	7 722 728	-	30 841 970	179 608 811
Sanitation Network	85 581 775	-	-	85 581 775	-	8 295 052	2 817 704	-	11 112 757	74 469 018
Water Network	326 553 300	2 729 358	-	329 282 658	13 972 169	30 922 453	11 239 706	-	42 162 159	301 092 668
	1 002 190 879	3 533 028		1 005 723 906	18 341 626	106 158 148	36 398 739		142 556 887	881 508 645
Leased Assets										
Office Equipment (Lease)	418 000	923 000	-	1 341 000	-	232 222	321 050	-	553 272	787 728
	418 000	923 000		1 341 000		232 222	321 050		553 272	787 728
Other Assets										
Office Equipment	5 069 404	224 005	-	5 293 409	-	3 150 028	636 043	-	3 786 071	1 507 338
Furniture & Fittings	5 681 733	308 424	-	5 990 157	-	3 567 954	618 756	-	4 186 710	1 803 448
Emergency Equipment	104 241	14 864	-	119 105	-	38 898	10 376	-	49 275	69 830
Motor Vehicles	13 758 463	-	285 000	13 473 463	-	6 413 569	1 533 584	192 937	7 754 217	5 719 246
Plant And Equipment	7 384 188	214 100	-	7 598 288	-	4 293 553	683 944	-	4 977 497	2 620 791
Household Refuse Bins	315 875	-	-	315 875	-	235 662	23 679	-	259 341	56 534
WaterCraft	1 185	-	-	1 185	-	662	60	-	723	462
	32 315 089	761 393	285 000	32 791 482		17 700 327	3 506 442	192 937	21 013 832	11 777 650
Total Property, Plant and Equipment	1 085 214 764	6 363 873	285 000	1 091 293 637	24 833 564	124 260 391	40 283 010	192 937	164 350 465	951 776 737
Investment Property										
Buildings	1 686 000	-	-	1 686 000	-	50 580	16 860	-	67 440	1 618 560
	1 686 000			1 686 000		50 580	16 860		67 440	1 618 560
Intangible Assets										
Computer Software	1 974 569	-	-	1 974 569	-	1 642 466	132 397	-	1 774 863	199 707
	1 974 569			1 974 569		1 642 466	132 397		1 774 863	199 707
Total	1 088 875 333	6 363 873	285 000	1 094 954 206	24 833 564	125 953 437	40 432 267	192 937	166 192 767	953 595 003

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX C - Unaudited

GA-SEGONYANA LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES & INTANGIBLE ASSETS

	Cost				Under Construction	Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance		Opening Balance	Additions	Disposals	Closing Balance	
Caravanpark	403 937	256 219	-	660 156	-	207 865	103 942	-	311 807	348 350
Cleansing	1 260 603	-	-	1 260 603	-	901 652	126 993	-	1 028 645	231 958
Clinic	43 736	-	-	43 736	-	29 933	4 256	-	34 189	9 547
Collections	116 720	2 105	-	118 825	-	84 345	7 900	-	92 245	26 581
Community services	131 871	17 227	-	149 098	-	67 593	20 245	-	87 838	61 260
Corporate administrat	53 011 438	1 199 326	-	54 210 764	6 491 938	853 284	192 361	-	1 045 645	59 657 057
Council expenses	1 532 844	4 387	285 000	1 252 231	-	644 303	222 069	192 937	673 435	578 796
Dataprocessing	1 573 743	-	-	1 573 743	-	1 341 992	90 645	-	1 432 637	141 106
Department health se	93 800	13 457	-	107 258	-	48 474	14 908	-	63 382	43 875
Disaster management	217 473	-	-	217 473	-	94 029	27 813	-	121 842	95 631
Electricity	313 417 038	821 669	-	314 238 708	4 369 456	35 942 032	11 742 357	-	47 684 389	270 923 775
Electricity - admin	22 835	-	-	22 835	-	19 216	1 281	-	20 497	2 338
Estates	32 967	-	-	32 967	-	25 924	1 728	-	27 653	5 314
Financial services	1 767 695	50 310	-	1 818 005	-	913 658	232 161	-	1 145 819	672 186
Firebrigade	386 483	-	-	386 483	-	195 515	38 663	-	234 178	152 304
Idp/pms	46 012	2 368	-	48 381	-	22 080	6 803	-	28 883	19 498
Internal auditor	13 723	-	-	13 723	-	10 520	748	-	11 268	2 455
Library	946 358	5 316	-	951 673	-	587 376	109 431	-	696 808	254 866
Licences	267 165	1 178	-	268 343	-	180 688	26 241	-	206 929	61 414
Municipal buildings	1 085 930	11 506	-	1 097 436	-	810 851	84 212	-	895 063	202 374
Municipal houses	43 512	-	-	43 512	-	30 487	3 252	-	33 739	9 773
Municipal manager	337 247	25 892	-	363 140	-	164 843	46 885	-	211 727	151 412
Nature reserve	18 673	351	-	19 024	-	11 963	2 236	-	14 200	4 824
Parks& recreation	472 712	-	-	472 712	-	331 337	44 810	-	376 147	96 565
Pavements and island	7 634	-	-	7 634	-	6 170	411	-	6 581	1 053
Public relations	67 599	-	-	67 599	-	36 387	7 736	-	44 123	23 476
Pw roads & s water	210 726 606	-	-	210 726 606	-	23 318 665	7 743 789	-	31 062 454	179 664 151
Sanitation	85 635 241	19 604	-	85 654 845	-	8 312 564	2 828 452	-	11 141 016	74 513 829
Second eye	3 685	-	-	3 685	-	2 940	196	-	3 136	549
Sewerage	714 342	-	-	714 342	-	539 348	48 307	-	587 654	126 688
Stores	256 036	7 699	-	263 735	-	161 611	29 078	-	190 690	73 045
Swimming pools	5 389	-	-	5 389	-	4 355	290	-	4 646	743
Technical services	14 157 183	58 040	-	14 215 223	-	6 988 430	1 458 901	-	8 447 331	5 767 892
Testing ground	511 115	201 500	-	712 615	-	223 391	96 770	-	320 162	392 454
Townplanning & buil	686 346	-	-	686 346	-	449 673	89 985	-	539 658	146 688
Traffic	1 327 184	13 360	-	1 340 543	-	778 013	117 464	-	895 477	445 066
Water	396 424 025	2 729 358	-	399 153 383	13 972 169	40 831 775	14 499 548	-	55 331 323	357 794 230
Workshop	690 432	-	-	690 432	-	547 932	38 348	-	586 280	104 153
Finance Leases	418 000	923 000	-	1 341 000	-	232 222	321 050	-	553 272	787 728
TOTAL	1 088 875 333	6 363 873	285 000	1 094 954 206	24 833 564	125 953 437	40 432 267	192 937	166 192 767	953 595 003

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX D - Unaudited
GA-SEGONYANA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
8 797	(490 464)	(481 667)	Airstrip	8 797	(563 878)	(555 081)
11 787 914	(2 591 317)	9 196 597	Assessment rates	13 822 420	(1 065 852)	12 756 568
970 356	(2 025 604)	(1 055 248)	Caravanpark	1 216 030	(1 799 553)	(583 523)
17 080	(624 180)	(607 100)	Cemetery	23 002	(423 722)	(400 720)
9 469 100	(10 426 150)	(957 050)	Cleansing	11 199 467	(8 797 316)	2 402 151
-	(24 389)	(24 389)	Clinic	-	(6 146)	(6 146)
9 507	(593 165)	(583 658)	Collections	49 736	(612 960)	(563 224)
-	(166 483)	(166 483)	Community def worker	-	(3 630)	(3 630)
-	(1 389 221)	(1 389 221)	Community services	68 513	(1 676 857)	(1 608 344)
186 689	(4 301 143)	(4 114 454)	Corporate administrat	199 408	(4 658 117)	(4 458 709)
4 491 604	(8 977 874)	(4 486 270)	Council expenses	5 811 366	(8 794 953)	(2 983 587)
-	(915 917)	(915 917)	Dataprocessing	6 491	(1 348 046)	(1 341 555)
28 386	(908 765)	(880 379)	Department health se	27 501	(941 647)	(914 146)
-	(543 134)	(543 134)	Disaster management	7 601	(437 773)	(430 172)
-	(577 484)	(577 484)	Donations	(791 631)	(236 204)	(1 027 835)
56 125 464	(39 698 761)	16 426 703	Electricity	67 177 653	(51 777 207)	15 400 446
-	(296 469)	(296 469)	Electricity - admin	7 082	(293 884)	(286 802)
134 016	(2 145 003)	(2 010 987)	Estates	215 910	(2 007 522)	(1 791 612)
2 398 608	(8 561 020)	(6 162 412)	Financial services	4 294 273	(11 758 502)	(7 464 229)
-	(596 828)	(596 828)	Firebrigade	1 684	(553 601)	(551 917)
-	(384 137)	(384 137)	Idp/prms	8 447	(458 590)	(450 143)
-	(317 421)	(317 421)	Internal auditor	6 606	(56 253)	(49 647)
-	(1 006 749)	(1 006 749)	L e d	9 030	(517 368)	(508 338)
398 508	(2 715 614)	(2 317 106)	Library	402 860	(2 530 084)	(2 127 224)
1 208 403	(1 379 148)	(170 745)	Licences	1 435 031	(811 369)	623 662
143 231	(628 281)	(485 050)	Meterreadings	107 420	(659 768)	(552 348)
535 475	(2 851 233)	(2 315 758)	Municipal buildings	7 643 531	(2 326 864)	5 316 667
11 164	(22 221)	(11 057)	Municipal houses	19 207	(5 698)	13 509
850 000	(2 071 479)	(1 221 479)	Municipal manager	624 902	(1 914 999)	(1 290 097)
18 818	(653 482)	(634 664)	Nature reserve	16 391	(562 136)	(545 745)
121 336	(4 956 863)	(4 835 527)	Parks& recreation	218 476	(4 015 885)	(3 797 409)
-	(126 495)	(126 495)	Pavements and island	-	(11 565)	(11 565)
-	(88 709)	(88 709)	Proclaimed roads	-	-	-
50	(1 013 662)	(1 013 612)	Public relations	10 016	(729 109)	(719 093)
17 305	(12 639 875)	(12 622 570)	Pw roads & s water	109 304	(15 124 043)	(15 014 739)
7 782 961	(1 430 674)	6 352 287	Sanitation	3 203 393	(3 607 407)	(404 014)
17 399	(123 930)	(106 531)	Second eye	2 193	(208 911)	(206 718)
10 397 121	(9 106 352)	1 290 769	Sewerage	10 958 762	(4 323 983)	6 634 779
818 690	(1 057 757)	(239 067)	Stores	840 965	(1 120 691)	(279 726)
11 362	(154 311)	(142 949)	Swimming pools	6 074	(168 333)	(162 259)
500 175	(5 521 853)	(5 021 678)	Technical services	30 962 764	(31 287 795)	(325 031)
479 434	(1 273 672)	(794 238)	Testing ground	501 413	(588 245)	(86 832)
260 863	(2 868 485)	(2 607 622)	Townplanning & buil	943 056	(1 968 242)	(1 025 186)
1 668 587	(4 391 805)	(2 723 218)	Traffic	2 249 259	(4 044 329)	(1 795 070)
-	(1 350 465)	(1 350 465)	Wardcommittee	6 268	(1 284 372)	(1 278 104)
29 818 580	(21 856 048)	7 962 532	Water	35 248 501	(30 394 035)	4 854 466
-	(743 645)	(743 645)	Workshop	-	(637 736)	(637 736)
140 686 983	(166 587 737)	(25 900 754)	Sub Total	198 879 172	(207 115 180)	(8 236 008)
-	6 127 200	6 127 200	Less Inter-Departmental Charges	-	-	-
140 686 983	(160 460 537)	(19 773 554)	Total	198 879 172	(207 115 180)	(8 236 008)

APPENDIX D - Unaudited
GA-SEGONYANA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
5 341 654	-13 897 384	-8 555 730	Executive & Council	6 459 158	-12 783 316	-6 324 158
15 157 950	-14 347 457	810 493	Budget & Treasury	19 121 305	-16 565 819	2 555 486
331 869	-6 468 367	-6 136 498	Corporate Services	434 525	-6 671 337	-6 236 812
1 296 513	-12 632 457	-11 335 944	Planning & Development	39 566 828	-36 558 859	3 007 969
28 386	-933 154	-904 768	Health	27 501	-947 793	-920 292
415 588	-5 306 499	-4 890 911	Community & Social Services	-297 256	-4 866 867	-5 164 123
3 356 424	-8 184 587	-4 828 163	Public Safety	4 194 988	-6 435 317	-2 240 329
1 139 271	-7 914 190	-6 774 919	Sport & Recreation	1 459 164	-6 754 818	-5 295 654
9 469 100	-10 426 150	-957 050	Waste Management	11 199 467	-8 797 316	2 402 151
18 180 082	-10 537 026	7 643 056	Waste Water Management	14 162 155	-7 931 390	6 230 765
26 102	-14 089 188	-14 063 086	Road Transport	118 101	-16 337 222	-16 219 121
29 818 580	-21 856 048	7 962 532	Water	35 248 501	-30 394 035	4 854 466
56 125 464	-39 995 230	16 130 234	Electricity	67 184 735	-52 071 091	15 113 644
140 686 983	-166 587 737	-25 900 754	Sub Total	198 879 172	-207 115 180	-8 236 008
-	6 127 200	6 127 200		-	-	-
140 686 983	(160 460 537)	(19 773 554)	Total	198 879 172	(207 115 180)	(8 236 008)

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX E(1) - Unaudited
GA-SEGONYANA LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)
REVENUE				
Property Rates	13 030 789	15 023 954	(1 993 165)	-13.27%
Government Grants and Subsidies	108 371 985	54 315 847	54 056 138	99.52%
Public Contributions and Donations	-	3 812 182	(3 812 182)	-100.00%
Fines	1 344 567	1 965 478	(620 911)	-31.59%
Third Party Payments	196 594	-	196 594	0.00%
Actuarial Gains	-	-	-	0.00%
Service Charges	64 223 908	63 515 759	708 149	1.11%
Rental of Facilities and Equipment	1 649 776	1 850 165	(200 389)	-10.83%
Interest Earned - External Investments	1 183 635	315 000	868 635	275.76%
Interest Earned - Outstanding Debtors	931 118	1 500 000	(568 882)	-37.93%
Licences and Permits	1 507 403	1 567 306	(59 903)	-3.82%
Agency Services	1 042 245	993 280	48 965	4.93%
Other Revenue	5 397 048	2 276 579	3 120 469	137.07%
Dividends Received	104	-	104	0.00%
Gains on Disposal of PPE	-	100 000	(100 000)	-100.00%
Total Revenue	198 879 172	147 235 550	51 643 622	
EXPENDITURE				
Airstrip	(563 878)	(673 313)	109 435	-16.25%
Assessment rates	(1 065 852)	(1 091 974)	26 122	-2.39%
Caravanpark	(1 799 553)	(2 044 532)	244 979	-11.98%
Cemetery	(423 722)	(472 280)	48 558	-10.28%
Cleansing	(8 797 316)	(9 060 642)	263 326	-2.91%
Clinic	(6 146)	(2 168)	(3 978)	183.49%
Collections	(612 960)	(653 641)	40 681	-6.22%
Community def worker	(3 630)	(4 166)	536	-12.87%
Community services	(1 676 857)	(1 888 866)	212 009	-11.22%
Corporate administat	(4 658 117)	(4 920 769)	262 652	-5.34%
Council expenses	(8 794 953)	(8 639 639)	(155 314)	1.80%
Dataprocessing	(1 348 046)	(1 282 823)	(65 223)	5.08%
Department health se	(941 647)	(1 215 429)	273 782	-22.53%
Disaster management	(437 773)	(530 565)	92 792	-17.49%
Donations	(236 204)	(259 796)	23 592	-9.08%
Electricity	(51 777 207)	(41 518 910)	(10 258 297)	24.71%
Electricity - admin	(293 884)	(310 472)	16 588	-5.34%
Estates	(2 007 522)	(2 235 498)	227 976	-10.20%
Financial services	(11 758 502)	(7 920 230)	(3 838 272)	48.46%
Firebrigade	(553 601)	(717 717)	164 116	-22.87%
Idp/pms	(458 590)	(459 645)	1 055	-0.23%
Internal auditor	(56 253)	(77 108)	20 855	-27.05%
L e d	(517 368)	(567 051)	49 683	-8.76%
Library	(2 530 084)	(2 500 687)	(29 397)	1.18%
Licences	(811 369)	(913 069)	101 700	-11.14%
Meterreadings	(659 768)	(684 719)	24 951	-3.64%
Municipal buildings	(2 326 864)	(2 636 846)	309 982	-11.76%
Municipal houses	(5 698)	(8 041)	2 343	-29.14%
Municipal manager	(1 914 999)	(2 051 824)	136 825	-6.67%
Nature reserve	(562 136)	(597 953)	35 817	-5.99%
Parks& recreation	(4 015 885)	(4 727 804)	711 919	-15.06%
Pavements and island	(11 565)	(39 095)	27 530	-70.42%
Proclaimed roads	-	(5 880)	5 880	-100.00%
Public relations	(729 109)	(729 497)	388	-0.05%
Pw roads & s water	(15 124 043)	(8 979 586)	(6 144 457)	68.43%
Sanitation	(3 607 407)	(1 177 747)	(2 429 660)	206.30%
Second eye	(208 911)	(248 295)	39 384	-15.86%
Sewerage	(4 323 983)	(4 966 235)	642 252	-12.93%
Stores	(1 120 691)	(1 127 616)	6 925	-0.61%
Swimming pools	(168 333)	(244 166)	75 833	-31.06%
Technical services	(31 287 795)	(2 627 469)	(28 660 326)	1090.80%
Testing ground	(588 245)	(1 366 094)	777 849	-56.94%
Townplanning & buil	(1 968 242)	(2 051 015)	82 773	-4.04%
Traffic	(4 044 329)	(4 331 538)	287 209	-6.63%
Wardcommittee	(1 284 372)	(1 291 246)	6 874	-0.53%
Water	(30 394 035)	(16 132 042)	(14 261 993)	88.41%
Workshop	(637 736)	(834 773)	197 037	-23.60%
Total Expenditure	(207 115 180)	(146 820 471)	(60 294 709)	
SURPLUS / (DEFICIT) FOR THE YEAR	(8 236 008)	415 079	(8 651 087)	

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX E(1) - Unaudited

GA-SEGONYANA LOCAL MUNICIPALITY

REVENUE AND EXPENDITURE

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011

GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)
REVENUE				
Property Rates	13 030 789	15 023 954	-1 993 165	-13.27%
Government Grants and Subsidies	108 371 985	54 315 847	54 056 138	99.52%
Public Contributions and Donations	-	3 812 182	-3 812 182	-100.00%
Fines	1 344 567	1 965 478	-620 911	-31.59%
Third Party Payments	196 594	-	196 594	0.00%
Actuarial Gains	-	-	-	0.00%
Service Charges	64 223 908	63 515 759	708 149	1.11%
Rental of Facilities and Equipment	1 649 776	1 850 165	-200 389	-10.83%
Interest Earned - External Investments	1 183 635	315 000	868 635	275.76%
Interest Earned - Outstanding Debtors	931 118	1 500 000	-568 882	-37.93%
Licences and Permits	1 507 403	1 567 306	-59 903	-3.82%
Agency Services	1 042 245	993 280	48 965	4.93%
Other Revenue	5 397 048	2 276 579	3 120 469	137.07%
Dividends Received	104	-	104	0.00%
Gains on Disposal of PPE	-	100 000	-100 000	-100.00%
Total Revenue	198 879 172	147 235 550	51 643 622	
EXPENDITURE				
Executive & Council	-12 783 316	-12 793 480	10 164	-0.08%
Budget & Treasury	-16 565 819	-12 761 003	-3 804 816	29.82%
Corporate Services	-6 671 337	-7 164 308	492 971	-6.88%
Planning & Development	-36 558 859	-8 342 026	-28 216 833	338.25%
Health	-947 793	-1 217 597	269 804	-22.16%
Community & Social Services	-4 866 867	-5 121 629	254 762	-4.97%
Public Safety	-6 435 317	-7 858 983	1 423 666	-18.12%
Sport & Recreation	-6 754 818	-7 862 750	1 107 932	-14.09%
Waste Management	-8 797 316	-9 060 642	263 326	-2.91%
Waste Water Management	-7 931 390	-6 143 982	-1 787 408	29.09%
Road Transport	-16 337 222	-10 532 647	-5 804 575	55.11%
Water	-30 394 035	-16 132 042	-14 261 993	88.41%
Electricity	-52 071 091	-41 829 382	-10 241 709	24.48%
Total Expenditure	-207 115 180	-146 820 471	-60 294 709	
SURPLUS / (DEFICIT) FOR THE YEAR	-8 236 008	415 079	-8 651 087	

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX E (2) - Unaudited

GA-SEGONYANA LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES & INTANGIBLE ASSETS

MUNICIPAL VOTES CLASSIFICATION

	2011	2011	2011	2011	2011	2011
	Actual	Under Construction	Total	Budget	Variance	Variance
	R	R	R	R	R	%
Caravanpark	256 219	-	256 219	-	256 219	0.00%
Cleansing	-	-	-	955 000	-955 000	-100.00%
Collections	2 105	-	2 105	-	2 105	0.00%
Community services	17 227	-	17 227	145 000	-127 773	-88.12%
Corporate administat	1 199 326	6 491 938	7 691 264	-	7 691 264	0.00%
Council expenses	4 387	-	4 387	100 000	-95 613	-95.61%
Dataprocessing	-	-	-	10 000	-10 000	-100.00%
Department health se	13 457	-	13 457	4 000	9 457	236.43%
Disaster management	-	-	-	60 000	-60 000	-100.00%
Electricity	821 669	4 369 456	5 191 126	5 581 000	-389 874	-6.99%
Financial services	50 310	-	50 310	30 000	20 310	67.70%
Firebrigade	-	-	-	2 570 000	-2 570 000	-100.00%
Idp/pms	2 368	-	2 368	-	2 368	0.00%
Library	5 316	-	5 316	5 313	3	0.05%
Licences	1 178	-	1 178	-	1 178	0.00%
Meterreadings	-	-	-	253 740	-253 740	-100.00%
Municipal buildings	11 506	-	11 506	10 194 892	-10 183 386	-99.89%
Municipal manager	25 892	-	25 892	43 000	-17 108	-39.79%
Nature reserve	351	-	351	219 707	-219 356	-99.84%
Parks& recreation	-	-	-	500 000	-500 000	-100.00%
Pw roads & s water	-	-	-	1 600 000	-1 600 000	-100.00%
Sanitation	19 604	-	19 604	-	19 604	0.00%
Sewerage	-	-	-	1 320 894	-1 320 894	-100.00%
Stores	7 699	-	7 699	-	7 699	0.00%
Technical services	58 040	-	58 040	8 511 137	-8 453 097	-99.32%
Testing ground	201 500	-	201 500	1 060 000	-858 500	-80.99%
Townplanning & buil	-	-	-	33 477	-33 477	-100.00%
Traffic	13 360	-	13 360	-	13 360	0.00%
Water	2 729 358	13 972 169	16 701 528	11 670 712	5 030 815	43.11%
Total	5 440 873	24 833 564	30 274 437	44 867 872	(14 593 435)	

GA-SEGONYANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX F - Unaudited
GA-SEGONYANA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2010	Correction of error	Restated balance 1 JULY 2010	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2011
UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
	R		R		R		R
Finance Management Grant 2010	424 096	-	424 096	-	415 078.46	9 017.54	-
Finance Management Grant 2011	-	-	-	1 200 000.00	1 200 000.00	-	-
Municipal Infrastructure Grant	3 230 488	-	3 230 488	20 854 339.36	495 897.83	24 418 250.48	-829 320.95
Department of Mineral and Energy	26 132	-	26 132.00	2 000 000.00	-	1 867 982.96	158 149.04
Water and Sanitation Master Plan	541 953	-	541 953	-	-	-	541 953.00
Amogelang Early Childhood	1 215 384	-	1 215 384	-	-	1 146 452.61	68 931.39
Library Development	453	-	453	360 000.00	359 941.46	-	511.54
Municipal Systems Improvement Grant 2010	201 524	-	201 524	-	141 957.16	-	59 566.84
Municipal Systems Improvement Grant 2011	-	-	-	750 000.00	452 778.14	-	297 221.86
235 Housing Project	-	-	-	8 869 009.83	8 673 961.07	-	195 048.76
Integrated Housing Project	-	-	-	8 183 610.42	8 183 610.42	-	-
Construction Mandela Drive	-	-	-	1 184 428.07	-	-	1 184 428.07
1000 Rural Housing	-	-	-	11 408 415.00	10 831 630.00	-	576 785.00
D W A F - Department Water Affairs and Forestry	-	-	-	1 586 000	1 586 000	-	-
Blue Drop & Green Support	-	-	-	136 641	119 904	-	16 738
Total	5 640 030	-	5 640 030	56 532 444	32 460 758	27 441 703.59	2 270 012

Management Audit Action Plan

GA – SEGONYANA LOCAL MUNICIPALITY

ACTION PLANS FOR AUDIT QUERIES 2010/11

AUDIT QUALIFICATIONS	ACTION PLAN	RESPONSIBLE PERSON	TARGET DATE
1. CASH AND CASH EQUIVALENTS <ul style="list-style-type: none"> Cash and cash equivalents of R2 327 233 (2010: R3 812 811) were disclosed in note 20 to the financial statements. The municipality could not provide evidence for transactions of R1 666 409 recorded in the cash book. 	<p>Transactions of R1 666 409 relates to 2010/11 financial year and was only captured in July due to late closure of year end as a result of damaged Telkom lines.</p> <p>The finance department has appointed a temporary filling clerk and intends to establish finance registry so that all supporting documentation is scanned and filled properly. The temporary worker has already attended registry and filling training.</p>	Filling clerk Senior expenditure Senior cashier Data capturer Accountant expenditure DCFO CFO	<i>Daily from March 2012</i>

<ul style="list-style-type: none"> Furthermore, the bank reconciliation statement consist of reconciling items of R697 316 (2010: R1 877 378) debit and R264 530 credit that were not supported by documentary evidence. Consequently, I was unable to confirm the valuation and completeness of cash and cash equivalents. The municipality's records did not permit the application of alternative procedures. 	<p>The reconciling items have schedules that explains the breakdown of amounts, date and document number. Some of the reconciling items were corrections that needed to be made to the cashbook by 30 June 2011, the finance department is currently busy with all corrections relating to previous years and current year.</p> <p>Bank reconciliations will be performed daily to detect errors on time.</p>	<p>Income accountant Deputy CFO CFO</p>	<p><i>Daily from February 2012.</i></p>
<p>2. CASH FLOW STATEMENTS</p> <p>Due to the impact of the unreconciled bank balance also reported in the prior year, I could not obtain reasonable assurance on the valuation and allocation, existence and rights and obligations of the cash flow statement.</p>	<p>Currently the bank reconciliation is prepared on a monthly and will ensure that errors detected from previous year and current year to date must not form part of reconciling items.</p>	<p>Income accountant Deputy CFO CFO</p>	<p>31 March 2012</p>

3. INVENTORY <ul style="list-style-type: none"> A detailed breakdown between classes of inventory as required by GRAP 1, Presentation of financial statements, was not disclosed in the note to the financial statements. Furthermore, the inventory count relating to fuel was not adequately performed and value added tax (VAT) was incorrectly accounted for on inventory. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness, existence, rights, valuation and allocation of inventory. 	<p>The Finance Department will engage MUNSOFT to convert all reports to GRAP as well as to address VAT queries.</p> <p>We are currently experiencing difficulties with accounting for fuel due to lack of reconciliations between dipsticks and readings, we have advertised for e-fuel service providers and was not responsive. The department is considering migrating from keeping petrol at Stores by introducing a petrol card system that will require a policy, proper management and tracking system in order to be effective.</p>	Deputy CFO CFO CFO DCFO Senior expenditure Fleet Officer	29 February 2012 31 March 2012
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<p>Inventory of R6 738 543 (2010: R6 911 292) was disclosed in note 15 to the financial statements. However, the following discrepancies were identified:</p> <ul style="list-style-type: none">• The municipality did not account and disclose inventory relating to unsold water and electricity at year-end of R880 968 and R2 245 269 respectively. As a result of the above error, inventory was understated by R3 126 237 in note 15 to the financial statements;• The difference between the physical stock and the opening balance as per the system was not adjusted, resulting in the overstatement of inventory by R2 718 454 (2010: R2 500 000). The stock count for the year revealed differences of R1 955 340. The amounts were not assessed and disclosed as losses in the financial statements and the inventory was not adjusted; and	<p>Physical inventory count of water as at 30 June 2012 will be conducted and disclosed in the AFS.</p> <p>Reports of unsold electricity as at 30 June 2012 will be obtained from Itron to be disclosed in the financial statements.</p> <p>All adjustments of stock as a result of differences and losses will be made to the financial system.</p>	<p>Supervisor Water Procurement Officer DCFO CFO</p> <p>Income accountant DCFO CFO</p> <p>Stores Officer Procurement Officer Accountant assets and information management.</p>	<p>30 June 2012</p> <p>15 July 2012</p> <p>31 March 2012</p>
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<ul style="list-style-type: none">• 12% handling fee of R840 965 to internal departments. Revenue and the corresponding inventory expenditure were misstated with the same amount as the intercompany transactions were not eliminated in the financial statements.	Intercompany transactions will be eliminated from revenue and corresponding inventory expenditure before financial statements are drafted.	Accountant assets and information management. DCFO CFO	31 July 2012
4. PROPERTY, PLANT AND EQUIPMENT Property, plant and equipment of R951 776 737 (2010: R960 954 373) were disclosed in note 10 to the financial statements. However, the following discrepancies were identified: <ul style="list-style-type: none">• SA Standards of GRAP 17, Property, plant and equipment requires that subsequent to initial recognition at cost, an item of property, plant and equipment should be carried at cost less accumulated depreciation and accumulated impairment losses. The asset management policy of the municipality states that assets less than R5 000 should be fully depreciated at the year they are purchased. As indicated in the asset register, assets costing less than R5 000 were not fully depreciated during the year they	Review the Asset Management Policy to comply with GRAP 17.	DCFO CFO	30 April 2012



<p>were brought into use. Had these assets been fully depreciated, the surplus for the period would have decreased by R9 026 796, while property, plant and equipment would have decreased by the same amount. I was unable to determine the effect on the corresponding figures.</p> <ul style="list-style-type: none">• The municipality did not update the asset register with the latest valuation roll conducted before year end. As a result, land in the asset register was overstated by R23 638 913 and the financial statements by the same amount. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the rights and valuation pertaining to property, plant and equipment disclosed in note 10 to the financial statements;• The municipality did not review the residual values and useful lives on items of property, plant and equipment at each reporting date in accordance with SA standards of GRAP 17, Property, plant and equipment. The records did not permit the application of adequate alternative auditing procedures regarding this property, plant and	<p>The land that appears on the valuation roll belonging to the Municipality will be included in the asset register at the correct amount.</p>	<p>Chief Property rates Accountant asset and information management</p>	<p>30 June 2012</p>
	<p>Residual values and useful lives on items of PPE will be reviewed annually starting from 2011-12 financial year. However this will need provision at adjustment budget as it must be done by a specialist.</p>	<p>Accountant asset and information management DCFO CFO</p>	<p>30 June 2012</p>

<p>equipment. Consequently I could not determine the impact on the carrying values of property, plant and equipment as disclosed in the statement of financial position; and</p> <ul style="list-style-type: none"> • The amount disclosed in the trial balance of R940 079 057 was less than the financial statements of R951 76 737 resulting in a difference of R11 697 678. 	<p>The trial balance has been corrected to agree with the financial statements, it was identified that there was a system error.</p>		
<p>As reported in the prior year sufficient appropriate audit evidence could not be obtained for journals and additions. Consequently, I was unable to perform satisfactorily audit procedures to obtain reasonable audit assurance on the classification and allocation, completeness, existence, rights and obligations pertaining to property, plant and equipment.</p>	<p>The finance registry will ensure that sufficient appropriate supporting documentation is scanned into the system so that it is available for audit.</p>	<p>Filing clerk Data capturer Senior expenditure Senior cashier DCFO CFO</p>	<p>Starting daily from March 2012</p>
<p>5. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS</p> <p>Trade receivables from exchange transactions of R8 601 654(2010: R8 657 702) were disclosed in note 16 to the financial statements. The following discrepancies were noted:</p>			

<ul style="list-style-type: none"> Included in this account balance were receivables with credit balances of R1 617 200. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance as to the existence, valuation and rights and obligation to the receivables of R1 617 200 as supporting evidence for the above could not be provided; Included in this account balance were long overdue receivables of R10 732 272. Payments were not received from these debtors and no write off or follow up has been made by the municipality, furthermore, debtors of R18 586 909 were more than 90 days overdue and no disconnection was made to enforce payment and ensure recoverability of debt due to the municipality. 	<p>Debt collection unit has already started with investigations of credit balances. It was identified that most of it relates to overpaid services accounts that the money must be transferred to property rates. The other amount relates to inactive accounts that must be refunded and to date the amount has been reduced to R939 909.13.</p> <p>Currently the debt collection is preparing cut off list on a weekly basis but due to only one cherry picker the electricians are not able to complete lists. The municipality will allocate the money for approved DBSA loans that will no longer be used to purchasing a cherry picker at adjustment budget.</p>	<p>Debt collection Expenditure accountant DCFO CFO</p> <p>Debt collection Supervisor Electricity DCFO CFO TM</p>	<p>28 February 2012</p> <p>31 March 2012</p>
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<ul style="list-style-type: none"> As reported in the prior year sufficient appropriate audit evidence could not be obtained for trade debtors, credit balances included in the debtors, employee costs paid in advance, deposits, and VAT. Consequently, I was unable to perform satisfactorily audit procedures to obtain reasonable audit assurance on the completeness, rights and obligations, existence and valuation pertaining to trade receivables from exchange transactions. 	<p>Most of these amounts relates to previous years and we can't find supporting documentation. An item will be submitted to council to write off these amounts in order to clean our books.</p>	<p>DCFO CFO</p>	<p>30 June 2012</p>
<p>6. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</p> <p>Other receivables from non-exchange transactions of R5 541 646 (2010: R7 157 686) were disclosed in note 17 to the financial statements. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance as to the valuation and allocation, existence, rights and obligation to the receivables of R3 112 994 (2010: R7 157 686)</p>	<p>The finance registry will ensure that sufficient appropriate supporting documentation is scanned into the system so that it is available for audit.</p>	<p>Filing clerk Data capturer DCFO CFO</p>	<p>Daily</p>
<p>7. DEBT IMPAIRED</p> <p>Paragraph 58 of the South African Statement of Generally Accepted Accounting Practice (SA Statements of</p>	<p>Munsoft will be requested to write a report of debtors indicating risk</p>	<p>DCFO CFO</p>	<p>30 June 2012</p>



<p>GAAP), IAS 39 (AC 133), Financial instruments, Recognition and measurement (IAS 39) requires the municipality to assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. The municipality, however, made from receivables a general provision for doubtful bad debts for receivables from exchange and non-exchange transactions amounting to R15 141 754 (2010: R12 981 594), which was not in accordance with the impairment requirements of IAS 39. As the relevant information was not available I was not able to calculate what the impairment charge against receivables from exchange and non-exchange transactions and bad debts expense should have been if IAS 39 had been applied correctly.</p>	<p>factors such as average payment %, category and function so that the Municipality can comply with IAS 39.</p>		
<p>8. TRADE AND OTHER PAYABLES</p> <p>Trade and other payables of R3 625 503 (2010: R3 245 105) were disclosed in note 7 to the financial statements. The municipality could not provide sufficient appropriate audit evidence to support R847 522 debit and R1 118 040 (2010: R1 007 389) credit balances included in note 7 as deposits received. There were no satisfactory alternative audit evidence</p>	<p>The finance registry will ensure that sufficient appropriate supporting documentation is scanned into the system so that it is available for audit.</p>	<p>Filing clerk Data capturer DCFO CFO</p>	<p>Daily</p>

<p>to satisfy myself as to the completeness, valuation and allocation and obligation of accounts payable of R1 965 562 (2010: R1 007 389).</p> <p>The municipality did not accrue for invoices in respect of goods and services received of at least R1 988 849 (2010: 5 827 076). Had these invoices been accrued for, the effect would have been to reduce the surplus for the period and the accumulated surpluses by R1 988 849 (2010: 5 827 076) and to increase the payables in the statement of financial position by an equal amount.</p>	<p>The list of accruals will be prepared at year end to be included in the AFS.</p>	<p>Senior expenditure Accountant expenditure DCFO CFO</p>	<p>30 June 2012</p>
<p>9. VALUE-ADDED TAX (VAT)</p> <p>VAT receivable from non-exchanged transactions of R4 067 905 (2010: R154 959) was disclosed in note 9 to the financial statements. The following discrepancies were identified:</p> <ul style="list-style-type: none"> The municipality did not adequately perform VAT reconciliation during the year under review; A difference of R2 086 965 was identified between the VAT receivable as disclosed in the financial statements, reconciliation and the confirmation received from 	<p>SARS will be conducting a VAT audit from 23 January 2012 and prepare a report that will be submitted to Munsoft system to correct vat matters and enable the municipality to perform adequate VAT</p>	<p>DCFO CFO</p>	<p>29 February 2012</p>

SARS;	<ul style="list-style-type: none"> Instances were identified where input VAT was incorrectly processed in the accounting system; and Disclosed under VAT receivable from non-exchanged transaction was R1 565 037 relating to journals passed to correct VAT on inventory purchased in the prior year. Supporting evidence could not be obtained for the journals. 	<p>reconciliations.</p> <p>Training will be provided to income and expenditure personnel on accounting for VAT.</p>	<p>DCFO CFO</p>	31 March 2012
10. UNSPENT CONDITIONAL GRANTS	<ul style="list-style-type: none"> Unspent conditional grants and receipts of R3 099 333 (2010: R5 640 030) were disclosed in note 8 to the financial statements. The above note was understated by R7 311 487 as the amount disclosed differed from the amount confirmed by the transferring institution. Current liabilities were understated by the same amount in the statement of financial position. As reported in the prior year I could not establish if all transactions took place according to the conditions of each grant and whether the expenditure against the grant had been disclosed in the statement of 	<p>The finance department will request confirmation of transfers by relevant departments before the end of the financial year so that a reconciliation between bank statement, cash book and the confirmation can be done prior to finalizing AFS.</p> <p>Before payment is made from the grant it will be checked if it meets the conditions of that particular grant.</p>	<p>Budget Officer Accountant income DCFO CFO</p> <p>Senior expenditure Budget Officer DCFO CFO</p>	<p>15 June 2012</p> <p>As and when required</p>

<p>financial performance. The portion that needed to be capitalized to property, plant and equipment or transferred to operating expenditure could also not be confirmed.</p> <ul style="list-style-type: none"> Furthermore, a difference of R2 529 361 was identified between the DoRA and the amounts per the bank statements. Consequently, I was unable to perform satisfactorily audit procedures to obtain reasonable audit assurance on the valuation and allocation, existence, rights and obligations pertaining to unspent conditional grants. 	<p>Enquire from National Treasury about differences between the bank statement and DoRA to determine if the municipality should raise a debtor or creditor.</p>	<p>Budget Officer DCFO CFO</p>	<p>15 February 2012</p>
<p>11. PROVISIONS</p> <p>Provision has not been made for the environmental rehabilitation costs of restoring the municipality's landfill sites. A provision should be made for the present obligation incurred as a consequence of its past use of the landfill sites in accordance with SA Standards of GRAP 19, Provisions, contingent liabilities and contingent assets. The records did not permit the application of adequate alternative auditing procedures regarding this provision. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy</p>	<p>Community Services department will assist Finance department with obtaining quotation for the rehabilitation of landfill sites according to the required specifications so that a provision can be made based on that quote.</p>	<p>MCS DMCS CFO DCFO</p>	<p>30 June 2012</p>

<p>myself as to the completeness, valuation and allocation of provisions.</p> <p>Provision has not been made for the employee bonuses for the current and prior year. A provision should be made for the present obligation incurred in accordance with SA Standards of GRAP 19, Provisions, contingent liabilities and contingent assets. The records did not permit the application of adequate alternative auditing procedures regarding this provision. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness, valuation and allocation of provisions. Reliable estimates could not be made with regards to bonus provision.</p>	<p>The finance department will request VIP system to generate a provision for bonuses report to be disclosed in the AFS.</p>	<p>DCFO CFO</p>	<p>30 June 2012</p>
<p>12. EXPENDITURE</p> <p>Expenditure of R207 115 180 (2010: R160 460 537) was disclosed in the statement of financial performance. The following discrepancies were identified:</p> <ul style="list-style-type: none"> The amount disclosed in the general ledger of R53 317 635 for different classes of expenditure did not agree to the financial statements of R86 954 795 resulting in a difference of R33 637 160. I could not be provided with sufficient supporting documentation to reconcile this 	<p>The trial balance used to prepare AFS was not fully GRAP complaint and the finance department is currently working with Munsoft to convert the Trial Balance so that it will be easy for auditors to reconcile to the AFS.</p>	<p>DCFO CFO</p>	<p>29 February 2012</p>

<p>difference</p> <ul style="list-style-type: none"> Sufficient appropriate audit evidence could not be obtained for general expenses, bulk purchases, operating grant expenses and repairs and maintenance of R12 495 700 and journals of R1 408 013. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all goods and services were properly recorded. <p>As reported in the prior year sufficient appropriate audit evidence could not be obtained for general expenditure, repairs and maintenance, and journals. Numerous accounting entry errors were noted in depreciation, amortization and debt impairment.</p>	<p>The finance registry will ensure that sufficient appropriate supporting documentation is available for audit by filing adequately.</p>	<p>Filing clerk Senior Expenditure Data capturer</p>	<p>Daily</p>
<p>13. REVENUE FROM EXCHANGE TRANSACTIONS</p> <p>There was no system of control over pre-paid electricity revenue on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all pre-paid electricity revenue was properly recorded. The municipality did not perform reconciliation</p>	<p>Reconcilliations between prepaid electricity and munsoft system were started in July 2011 by the Accountant income and were not reconciling. Itron representatives were engaged to link the two</p>	<p>Accountant income Deputy CFO CFO</p>	<p>31 March 2012</p>

<p>between the pre-paid electricity system and the accounting system used for the preparation of the financial statements. Consequently I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of pre-paid electricity revenue of R46 352 832 (2010: R41 230 350).</p>	<p>systems and to date they have not done so. The Finance department will continue to check them so that by March the systems are linked and amounts agree.</p>		
<p>The municipality did not charge interest and penalties on outstanding debtors as a requirement by the debtor's policy. The SA Standards of GAAP, IAS 18 (AC 111), Revenue requires that revenue be recognized in the period in which it was earned. Had interest on overdue account being charged, revenue and net profit would have been increased and receivables in the statement of financial position would have been increased by R1 574 634 (2010: R1 308 865)</p>	<p>A list of outstanding debtors will be reviewed on a monthly basis to determine if interest was charged for overdue accounts and penalties for late payments.</p>	<p>Senior clerk collections Chief Property rates</p>	<p>Monthly starting end of January</p>
<p>As reported in the prior year sufficient appropriate audit evidence could not be obtained for service charges, journals, interest and penalties received on arrear account, government grants and subsidies, licences and permits, and rental of facilities. Consequently, I was unable to perform satisfactorily audit procedures to obtain reasonable audit assurance on the completeness, accuracy, occurrence,</p>	<p>The Chief Property rates is currently supervising meter readers to ensure that meters are adequately read, follow up on deviations and ensure that billing is accurate. Data capturer is responsible for safe keeping of meter reading books and journals.</p>	<p>Meter readers Chief Property rates Data capturer Senior cashier Accountant income Traffic LED</p>	<p>Daily</p>

classification and cut-off pertaining to revenue.	Senior cashier must ensure that cashiers charge interest and penalties on arrear accounts and make a record on daily summaries. Income from government grants is from bank statements that are filled by Accountant income. Supporting documentation in respect of licences and permits is kept at traffic department and rental of facilities is managed at LED.		
14. REVENUE FROM NON-EXCHANGE TRANSACTIONS Revenue from non-exchanged transactions of R124 451 442 (2010: R76 676 316) was disclosed in the statement of financial statement of financial performance. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all transactions were properly recorded. Sufficient appropriate audit evidence could not be obtained for fines of R1 344 567 and licenses and permits of R1 507 403. Consequently, I did	The traffic department will file supporting documentation relating to fines, licences and permits adequately so that it will be easier to submit information for audit. The accountant income will ensure that bank statements that reflect money received in respect of fines is filed	MCS DMCS Traffic department Accountant income	Daily

<p>not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, completeness, accuracy, cut-off and classification of revenue amounting to R2 851 970.</p>	<p>adequately.</p>		
<p>15. DISTRIBUTION LOSSES</p> <p>Section 125(2)(d)(i) of the MFMA states that the notes to the annual financial statements of a municipality must disclose particulars of any material losses. The municipality did not disclose in the note to the financial statement s distribution losses with regard to electricity and water due to the municipality not implementing adequate control measures to reliably calculate these losses. I was unable to determine the total extent of the understatement in distribution losses as sufficient appropriate documents could not be obtained.</p>	<p>The technical department will submit information relating to distribution losses(retrospectively from July 2011) for electricity and water to finance department on a monthly basis in order to prepare for AFS.</p>	<p>TM DTM Administrator Technical services CFO DCFO</p>	<p>Monthly starting end of February 2011</p>
<p>16. FINANCE CHARGES</p> <p>Finance charges of R4 102 974 (2010: R4 292 557) were disclosed in note 28 to the financial statements. Disclosed in this note was R3 361 811 (2010: R3 675 832) relating to long term liabilities. The municipality did not account for the finance charges as required by SA Standards of GRAP 5, borrowing costs. The municipality incorrectly expensed the</p>	<p>Correction of error will be made in 2012 AFS to correctly account for borrowing costs in respect of qualifying assets as required by GRAP 5.</p>	<p>DCFO CFO</p>	<p>31 August 2012</p>